

Budget Digest: The United States-Mexico-Canada Agreement

Tomorrow, the Ways and Means Committee will hold a hearing with United States Trade Representative (USTR) Robert E. Lighthizer where they will have the opportunity to discuss the United States-Mexico-Canada Agreement, or USMCA. Negotiated by President Trump and his trade team, the USMCA modernizes the North American Free Trade Agreement (NAFTA), bringing trade with Mexico and Canada – our nation's two biggest trading partners – into the 21st century.

How USMCA Strengthens Our Economy & Improves Americans' Lives.

The USMCA will build on efforts to grow our economy – creating jobs here at home, increasing access to more customers, and making American businesses more competitive around the world. According to the U.S. International Trade Commission, the USMCA is projected to create hundreds of thousands of new jobs for American workers and grow U.S. Gross Domestic Product (GDP) by more than \$68 billion.¹ As the Congressional Budget Office testified before the House Budget Committee

earlier this year, fostering economic growth is a critical component of addressing the nation's fiscal situation, including reducing the deficit.² Some notable provisions in the USMCA include:



- **Bringing Free Trade Into the 21st Century.** This is the first free trade agreement to include a section on digital commerce. Since more than three million jobs nationwide are supported by the internet – and about 60 percent of those jobs are outside the technology industry, including agriculture, manufacturing, and banking – provisions promoting digital commerce are a win for workers and our economy.³
- **Supporting Our Farmers & Ranchers.** Agricultural exports to Mexico and Canada have quadrupled to \$39 billion since the implementation of NAFTA, accounting for nearly one third of agricultural exports.⁴ USMCA will enhance the U.S. trading relationship with both nations, increasing our agricultural exports and helping farmers and ranchers nationwide.
- **Protecting American Innovators and Creators.** American entrepreneurs have produced some of the most innovative products and services in history, and the USMCA takes strong steps to protect that intellectual property, including enhancing protection for pharmaceutical and agricultural innovators, improving trademark protection, and enshrining patent standards to ensure businesses of all sizes can protect their inventions.⁵

Where Do We Go From Here? Now that the USMCA has been signed, it must be ratified by Congress. According to the Trade Promotion Authority enacted in 2015, the President will submit the USMCA to Congress, where lawmakers will have up to 90 days to consider the agreement before a final vote.

¹ <https://www.usitc.gov/publications/332/pub4889.pdf>

² <https://republicans-budget.house.gov/hearing/the-congressional-budget-offices-budget-and-economic-outlook/>

³ <https://internetassociation.org/blog/usmca-supercharging-digital-trade-for-american-businesses-and-workers/>

⁴ https://www.fb.org/files/Trade-USMCA_nov.pdf

⁵ <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets/modernizing>